HIGHLIGHTS

FINANCIAL

- Total Expenses: $465.2 million
- Gross Revenues: $461.5 million
- Expenses exceeded Revenues by $3.7 million
- Extraprovincial Revenues: $105.7 million
- Energy Sales within Province: $350.2 million
- Net Interest Expense: $228.9 million
- Reserves: $78.3 million
- Additions to Fixed Assets: $152.5 million

OPERATING

(Integrated System)

- Manitoba firm energy supply increased 8.5%
- Manitoba peak load: 2 889 megawatts, an increase of 13.6% and an all-time record
- Total generation: 22.0 billion kilowatt-hours

(Manitoba Hydro)

- Energy sold to Manitoba customers: 11.6 billion kilowatt-hours

OTHER

- Customers increased by 1.8% to 333 585
- More than 6 000 residences connected to the system
- Three communities connected to central service
- Thirteen kilometres of overhead powerline in storm-prone area replaced by underground cable
- Best overall safety record of major Canadian utilities
- Corporate Strategic Plan introduced
- Commitment to affirmative action program
- Peak number of employees: 3 778

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MANITOBA HYDRO

S. M. CHERNIACK, Q.C.
CHAIRMAN

P.O. BOX 815 · WINNIPEG, MANITOBA R3C 2P4

1984 07 05

The Honourable W. Parasiuk
Minister responsible for the
administration of The
Manitoba Hydro Act
Province of Manitoba
Legislative Building
Winnipeg, Manitoba
R3C 0V8

Sir:

I have the honour of presenting the Thirty-third Annual Report of The Manitoba Hydro-Electric Board together with financial statements for the fiscal year ended March 31, 1984.

Respectfully submitted,

Saul M. Cherniak, Q.C.
Chairman
Manitoba Hydro-Electric Board

Members of the Manitoba Hydro-Electric Board. From left: Dr. Nora E. Losey; Saul M. Cherniack, Q.C., Chairman; Clyde R. McBain; Peter Fox, M.L.A.

From left: Jack London; Dr. Edmund Kuffel; Roy Minish.

Charles E. Curtis, Vice-Chairman.

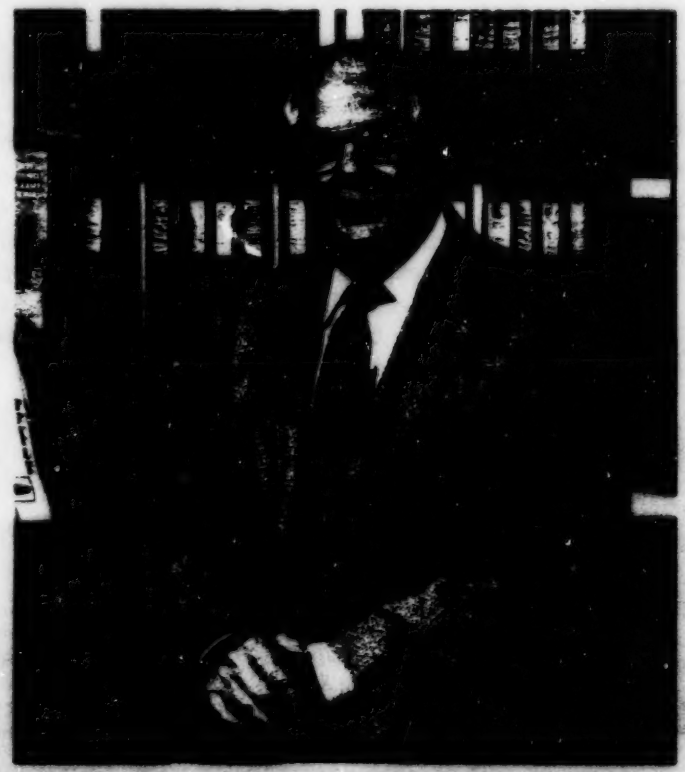
CHAIRMAN'S MESSAGE

Manitoba Hydro has made substantial progress during the past year in a number of areas. The Corporation's financial picture has improved; administration has been streamlined and staffing requirements have been kept to minimum levels consistent with the utility's desire to maintain its proud record of service reliability. Hydro's obligation to northern citizens adversely affected by hydro development is continuing to receive priority attention. About 90% of the claims registered against Manitoba Hydro have been settled. And, on another front, an affirmative action program for women, native and handicapped persons in the workplace is now an accepted Manitoba Hydro policy.

Electricity rates for the coming year have been adjusted and spending restraints are in place so that further deficits are not being forecast. Future large-scale sales of power at favorable terms have been negotiated or are in the process of being negotiated, promising substantial benefits to all Manitobans. Indications are that soon there will be construction of new hydro facilities in the north, contributing to Manitoba's economic development.

Past accomplishments and exciting future prospects reflect the positive attitudes and dedicated efforts of Manitoba Hydro employees throughout the organization. The Board appreciates their worth and thanks them for both their individual and collective contributions to Hydro's well-being.

The continued support of Manitoba Hydro by the Government of Manitoba through its reporting Minister, the Honourable Wilson D. Parasiuk, and through its Deputy Minister, Mr. Marc Eliesen, is acknowledged.



The interests of all who have a stake in Hydro and in the abundant, renewable natural water resources which are converted into electrical energy by the utility are receiving the continuing attention of the government as well as of Hydro's Board of Directors and Hydro staff. These are trusts which are seriously undertaken and honourably discharged on behalf of the utility's owners — the people of Manitoba.

Saul M. Cherniack, Q.C.
Chairman, Manitoba Hydro-Electric Board

PRESIDENT'S MESSAGE

Financial results for the year ended March 31, 1984, showed a marked improvement over the forecasted deficit of $23.1 million made approximately one year ago. Revenues exceeded expectations and operating costs were less than anticipated, resulting in an excess of expenses over revenues of $3.7 million. Our objective is to attain a break-even position by March 31, 1985, ending four consecutive years during which expenses exceeded revenues. This can be accomplished by continued sound management, average or better water conditions, and the absence of further costly storms.

Electrical energy generated by Manitoba Hydro for use in the province increased by 8.5% over the previous year.

Sales of surplus energy to utilities outside the province totalled a record $105.7 million, a slight increase from last year.

During the year, a Corporate Strategic Plan was approved by the Board and is being implemented to meet specific objectives of the Corporation. An operational review process was established to facilitate a management audit of the effectiveness of major groups and departments within the utility. The organizational structure was changed to reduce the number of management levels. Total employment dropped to the lowest point since the peak of the 1975-76 fiscal year.

In order to have revenues match expenses by March 31, 1985, a recommendation was made to the Board to increase electricity rates by 7.9% effective April 1, 1984. This rate increase will provide additional revenues of approximately $26 million and maintain reserves at the March 31, 1984, level of $78.3 million. Electricity rates in Manitoba continue to be amongst the lowest in North America.

Manitoba Hydro has always taken pride in both reliability of service to its customers and in the safety record of its employees. Both rank among the best of electric utilities in Canada.

Manitoba Hydro's main strength lies in its human resources — staff dedicated to provide efficient, reliable, low-cost energy to the people of Manitoba. Customer service has been and will continue to be an important factor in all of our endeavours. Having completed just over one year as President, I am gratified by the support received from staff and the results which have been achieved due to their collective efforts.

J.J. Arnason

J.J. Arnason
President and Chief Executive Officer

Manitoba Hydro's senior management. Standing: R. Murray Fraser, Executive Vice-President, Corporate Services (left); Don S. Duncan, Vice-President, Engineering & Construction (right). Seated: John J. Arnason, President and Chief Executive Officer (left); H. Lew Dahl, Vice-President, Operations (right).

Manitoba Hydro is a Crown Corporation owned by the Province of Manitoba. Its purpose is "to provide for the continuance of a supply of power adequate for the needs of the province, and to promote economy and efficiency in the generation, distribution, supply and use of power".

This annual report, including the audited statements, is prepared in accordance with The Manitoba Hydro Act. It is intended for the information of customers, bondholders and others who may have an interest in the business of the Corporation.

BUSINESS OF MANITOBA HYDRO

Manitoba Hydro distributes electricity to consumers throughout the province except for the central portion of the City of Winnipeg, which is served by the city-owned Winnipeg Hydro. Manitoba Hydro and Winnipeg Hydro operate as an integrated electrical generation and transmission system.

By agreement, Winnipeg Hydro is assessed a share of the costs of the integrated system and is allocated a share of extraprovincial revenue based on its proportion of the total Manitoba system peak demand and energy needs.

The Manitoba Hydro system at year-end was interconnected with Ontario Hydro by two 230 000 volt lines and one 115 000 volt line; with Saskatchewan Power Corporation by three 230 000 volt lines and two 115 000 volt lines; and with utilities in the United States by one 500 000 volt line and two 230 000 volt lines.

Manitoba Hydro's service area encompasses a vast territory of 130 000 square kilometres. To provide more effective customer service, the total area is divided into three geographical regions. The offices of the Western Region, Central Region, and Eastern Region are located in Brandon, Winnipeg and Selkirk respectively. Each region is responsible for planning, designing, constructing, operating, and maintaining the electrical distribution system in its own area.

CUSTOMER SERVICE

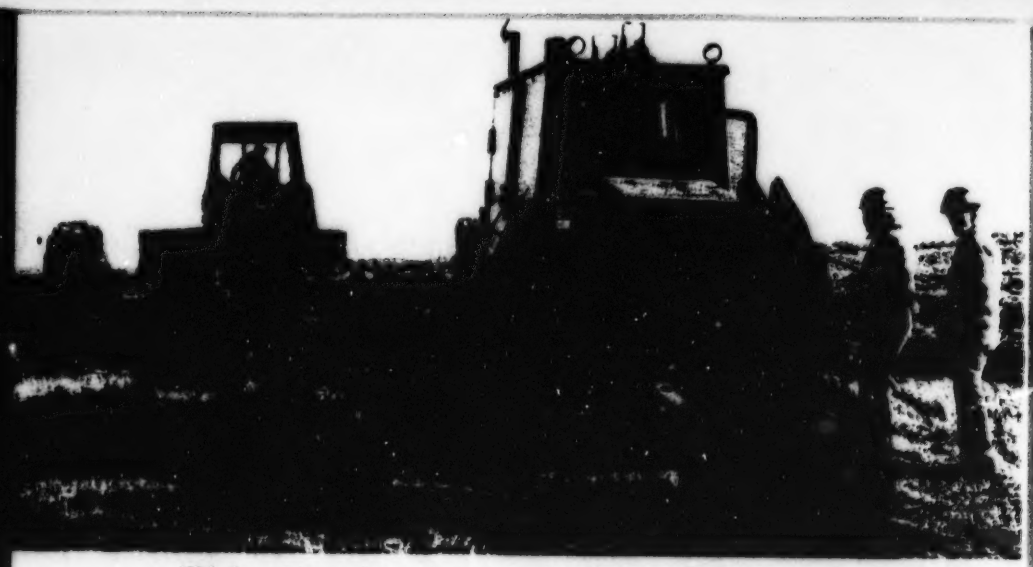
Manitoba Hydro residential and farm customers numbered 293 620 at March 31, 1984, an increase of 5 544 over the previous year. Power and general service customers increased by 199 to 39 965. Street lights in service increased from 72 534 to 72 548.

More than 6 000 residences were connected to the system during the year of which 40% were heated electrically. Nearly 2 500 other residences were converted to electric heating during the year, making a total of 68 000 electrically heated single family residences and 26 000 apartment units in the Manitoba Hydro service area.

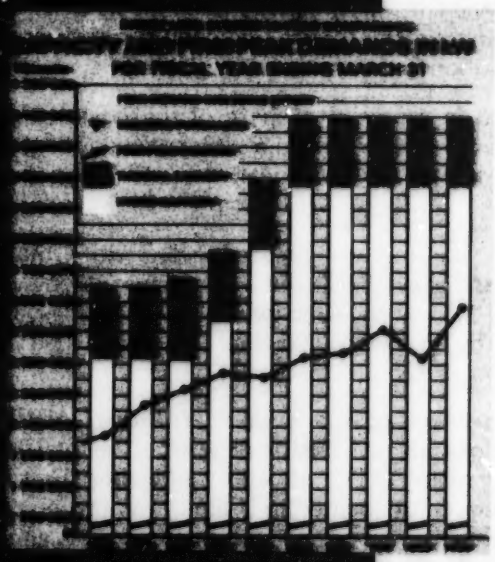
OPERATIONS

Including purchases, the total energy supplied to meet Manitoba and extraprovincial loads was 22 080 million kilowatt-hours, compared to 21 810 million kilowatt-hours in the previous year, an increase of 1.2%.

Nelson River plants contributed the greatest amount, supplying 75.6% of all energy requirements. The High Voltage Direct Current System transmitted 13 801 million kilowatt-hours which was 63% of the electricity generated in Manitoba during the year.



With the assistance of a crawler tractor and a cable plow, a Hydro crew installs a 13 kilometre stretch of underground cable between Manitou and Darlingford.

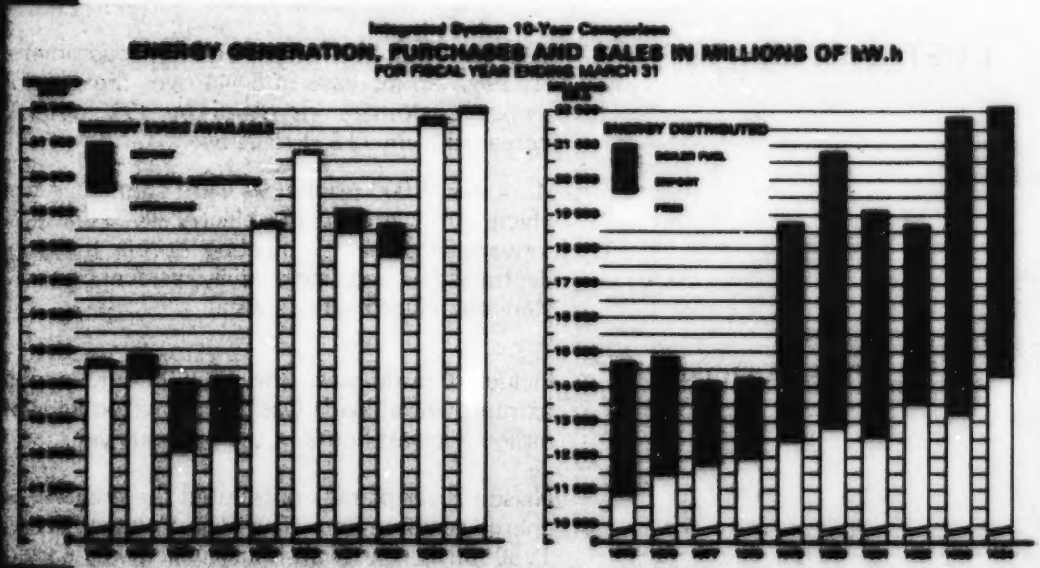


Manitoba's maximum peak load during the fiscal year also established an all-time record peak for the utility when 2 889 megawatts were required to meet customer demand on December 20, 1983, at 5:22 p.m. The 1983-84 peak was 13.6% higher than that recorded in the previous fiscal year.

Firm energy required to supply Manitoba customers totalled 14 388 million kilowatt-hours, an increase of 8.5% over the previous year. The increase is attributed to an improvement in industrial customers' demands following a recessionary slowdown, and to greater heating requirements this past winter.

Energy delivered to extraprovincial markets totalled 6 831 million kilowatt-hours, a decrease of 10.3% from the previous year.

Supply of diesel-electric energy to isolated northern communities totalled 48.0 million kilowatt-hours, an increase of 1.7%.


Integrated System 10-Year Comparison
ENERGY GENERATION, PURCHASES AND SALES IN MILLIONS OF kW.h
FOR FISCAL YEAR ENDING MARCH 31

Manitoba Hydro's electrical system is directly interconnected with utilities in Ontario, Saskatchewan, and the United States.

Interconnections are valuable for several reasons. This pull-out insert to the 1983-84 Annual Report of the Manitoba Hydro-Electric Board is provided to describe some of the benefits of being connected with neighboring utilities.

Sale of Surplus Energy

In 1983-84, $105.7 million worth of electricity was sold to other utilities over Hydro's interconnections — or tie-lines, as they are sometimes called. Sales to the United States alone totalled more than $84 million — a figure which is considerably higher than the combined capital costs incurred when the three lines presently in service to the United States were built ... and that's only for one year's operations! In fact, total sales to the U.S. market since 1970 when the first tie-line became operational have been nearly $467 million.

The energy which is sold to extraprovincial markets is energy surplus to the needs of Manitobans. The export market provides a valuable source of revenue for Manitoba Hydro, contributing approximately 23% of the corporation's total income for the fiscal year. Without these sales, which are made possible by the interconnections, customers in Manitoba would experience significant increases to their electricity bills in order to produce the same revenues.

When precipitation amounts — and, consequently, river flows — are such that more electrical energy can be generated than is needed by Manitoba customers, a surplus results. Through interconnections, this surplus energy can be sold to extraprovincial markets, bringing in additional revenue to the utility. If there were no interconnections the surplus water would be "spilled" and no additional revenue would be obtained.

Sale of Exchange Energy

When river flows are just adequate to meet the energy requirements of customers in Manitoba, it is still possible for Manitoba Hydro to use its interconnections in order to earn additional revenues.

By buying energy from United States utilities during the night, when their high-cost generators have been shut down due to reduced load demands, Manitoba Hydro can top up its reservoirs which have been drawn down during the day. The "off-peak" energy which is bought under these conditions is available at prices which are considerably less than Manitoba Hydro charges its export customer during the day. This is because in the daytime — in order to meet load requirements — U.S. utilities have to bring on-line their high-cost units and this increases the market price for the energy exported from Manitoba.

The total daily energy production is not changed by these arrangements but the timing is different. An import of lower-cost power from the United States overnight merely has been traded off for an export of power at a higher value during the day. By careful reservoir management, which involves raising and lowering the forebay levels at the generating stations, Manitoba Hydro is able to use its forebays and interconnections to a significant economic advantage even when precipitation and river flows do not permit the generation of surplus energy.

Sale of Surplus Capacity

The ability to sell electricity in excess of that required to serve Manitoba customers is a function of both the amount of precipitation which falls over the watershed area draining into Hudson Bay and the need to maintain generating capacity which will serve the peak Manitoba load with sufficient reserve to deal with emergency situations. In other words, the ability to sell evolves from the need to have in place a hydro-electric system which will take into account the electricity requirements of firm customers at the time of their peak demand even under the worst drought conditions.

Because of the long lead time required to plan, design, and construct a generating station, load forecasts are an important determinant of future generating capacity. If these forecasts fail to materialize to the extent originally envisioned or within the time frame predicted, surplus capacity will exist. Even when the forecasts are borne out, generating stations are brought on-line in the "building block" principle. There is an initial large incremental increase in generating capacity which is gradually taken up as the demand for energy builds to forecasted levels. During the build up period, surplus capacity will exist.

Also, since Manitoba's load requirements peak during the wintertime, it follows that there is spare capacity available during the summer. Generally speaking, American utilities have to supply their maximum load in the summertime.

By purchasing Manitoba Hydro's spare summer capacity, the pressure on utilities in the United States to expand their generating capability is lessened and they can, in fact, defer capital expenditures.

Because Manitoba Hydro can guarantee spare summer capacity due to the seasonal nature of its load, an additional charge is levied for this guarantee over and above what is charged for the energy that is purchased.

Simply put: interconnections offer the opportunity to sell both surplus energy and surplus capacity. Without them, surplus water resources would merely pass through the sluicegates of the utility's generating stations on the way to Hudson Bay, without producing any revenue for the people of Manitoba.

System Reliability

Interconnections with other utility systems contribute to the reliability of electrical energy supply to Manitoba customers — hour by hour and day by day.

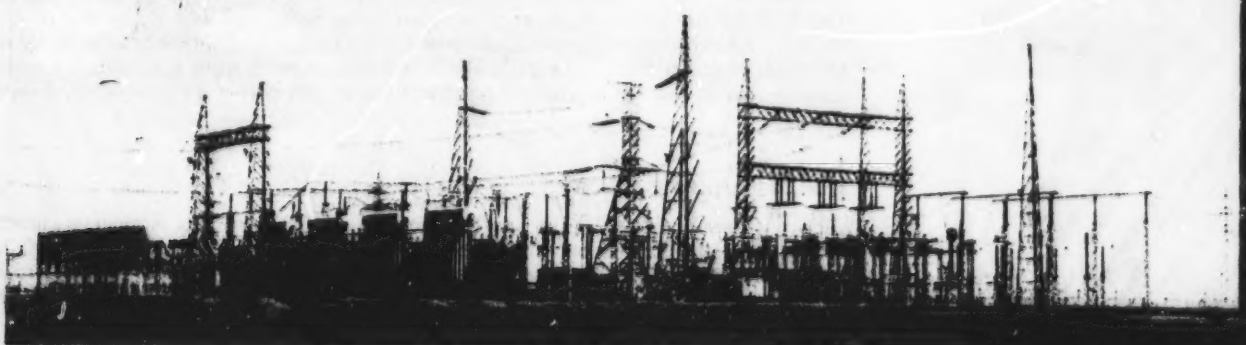
In a normal year, more than 70% of the energy produced in Manitoba comes from Hydro's generating stations on the Nelson River. These amounts of electricity are transmitted to the southern part of the province — where there is the greatest demand — over one of the longest, most complex and sophisticated high voltage direct current transmission systems in the world.

Despite its proven reliability, there is always the possibility that a disturbance somewhere in the system could result in the interruption of a portion of the power supply from the Nelson River and, consequently, a deficiency of supply to the southern load areas would occur. In such an event, the interconnections would instantaneously pick up the deficiency and Manitoba Hydro's customers would continue to receive the uninterrupted power they require.

How is this possible?

Through its interconnections, Hydro is linked to what is known as the main continental power grid, allowing Manitoba Hydro to draw upon the reserve resources of all interconnected utilities in Canada and the United States in the event of an emergency in Manitoba. The amount of assistance that can be obtained is limited only by the strength of the interconnections. At the present time, generation lost in Manitoba can be replaced to the extent of a major portion of the total output of either Kettle or Long Spruce Generating Stations.

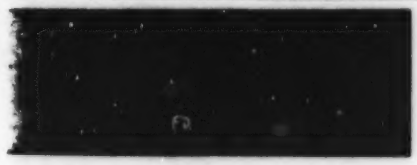
Without interconnections, a major interruption in the transmission of power from the northern generating stations would at most times result in a curtailment of supply to a large number of customers in the southern part of the province.

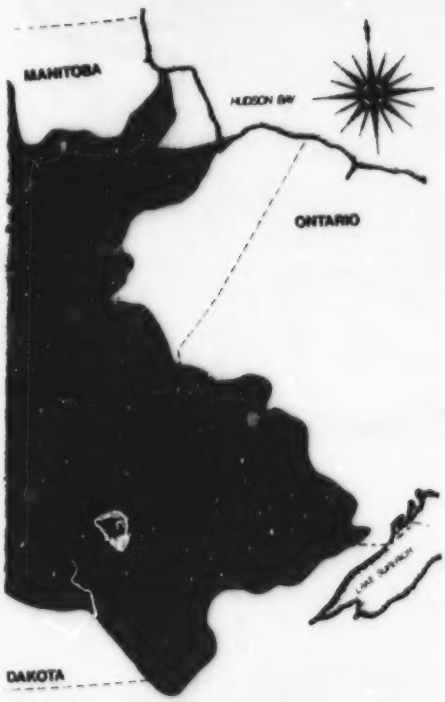


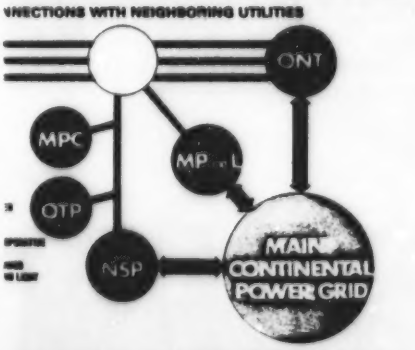
The switchyard at Hydro's Dorsey Converter Station near Winnipeg where the 500 000 volt line to Minneapolis orginates.

Protection from Dry Years

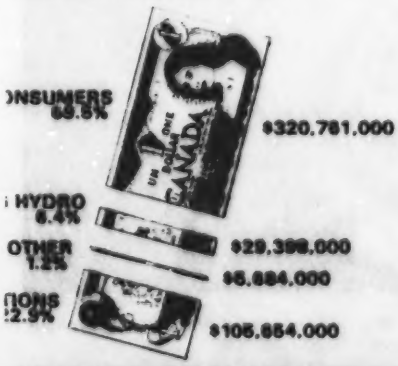
In addition to the reliability factor whereby Manitoba Hydro gets help from its interconnected neighbors during an emergency, Hydro can also import some of its energy requirements during drought years through negotiated agreements with other utilities.







3/84 REVENUE SOURCES



For example, as part of a contract with a major U.S. utility, Manitoba Hydro has been guaranteed a supply of up to 1.5 billion kilowatt-hours of energy in any low-flow year. Whenever a low-flow year occurs, the U.S. utility is committed to providing just over 10% of the province's energy requirements under this contractual agreement which in turn has been made possible through the interconnections.

Deferral of Large Capital Expenditures

As previously stated, when additional capacity — that is, another generating station — is added to a utility's power system, that capacity is brought on-line in "building-block" fashion. The new station is constructed as a complete unit; it cannot be built in bits and pieces and added to the system gradually over a period of time. If there were no interconnections, there would be no way to sell this temporary surplus capacity.

Conversely, a utility which is solidly interconnected with other large power systems can purchase guaranteed capacity for as long as it is economically feasible to do so before committing to the construction of a new high-cost generating station. At today's interest rates and assuming the costs of a new generating station to be in the billions of dollars, even a modest delay would represent a saving of millions of dollars in interest charges.

Furthermore, once the new station is operational, not only can it satisfy the increase in demand for which it was built but now it can contribute to the corporation's revenue picture by making surplus capacity and surplus energy available for sale over the utility's interconnections.

Pricing of Export Energy

Questions are sometimes raised about the prices paid by neighboring utilities for surplus energy exported by Manitoba Hydro compared to the rates paid by customers in Manitoba.

Notwithstanding the point made earlier with respect to the potential impact on domestic rates of not being able to sell surpluses to the export market, there are basically two reasons for the differential in energy prices.

The first reason for the price differential is that with very few exceptions, exports are interruptible and can be cut off with minimal notice to the purchasing utility. This means that when such an export to the United States, for example, must be curtailed because of an emergency or due to low water flows, the American utility must still have generating facilities ready to take over the energy deficiency whenever power exports from Manitoba are interrupted.

The second reason is that extraprovincial sales are sales to utilities — they are not sales to the ultimate consumer.

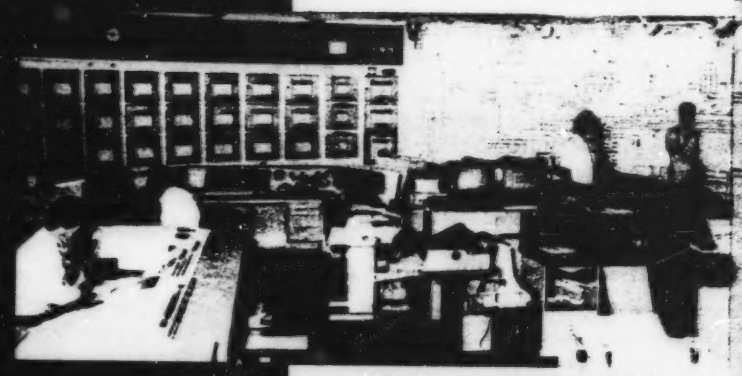
The energy purchased by the utility must be resold at a price that includes the payment to Manitoba Hydro as well as transmission and distribution costs associated with delivering the energy from the border to each individual customer's service entrance, administration costs, depreciation, and — most importantly — the costs related to servicing the debt load incurred by the purchasing utility having its own generating facility. The purchasing utility's only saving is through a reduction in fuel costs when buying from Manitoba.

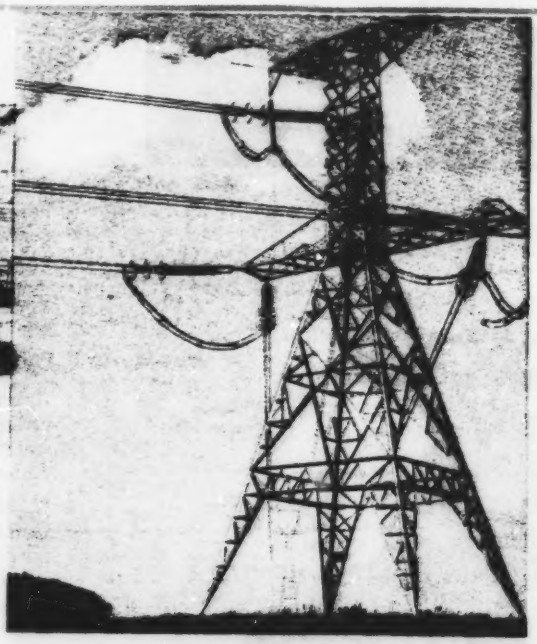
In other words, the United States utility purchases from Manitoba Hydro at a "wholesale" rate, buying in bulk at high voltage and taking delivery at the U.S. border. The consumer, however, eventually pays for his energy on the same basis as the Manitoba customer — that is, at a "retail" rate which includes all the costs of providing the service.

The Manitoba Hydro Act guarantees the people of Manitoba "the continuance of a supply of power adequate for the needs of the province". Manitoba Hydro's primary obligation is to its own customers. Sales of surplus energy on an interruptible basis help to keep down the cost of meeting that obligation.

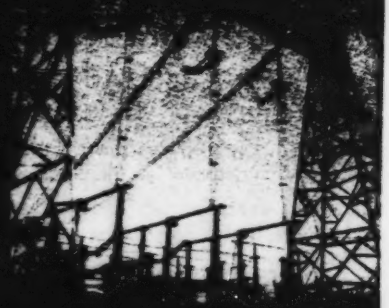
Finally, no discussion about export sales would be complete without a word about "generation displacement" whereby Manitoba produced energy is purchased by an interconnected utility to replace energy that is being sold to a third party. Purely and simply, Manitoba Hydro's selling price has to be low enough to result in a cost saving to the purchaser by allowing generating facilities to be shut down whether the energy which is bought is to be used directly by that utility or to replace power sold to another utility. A higher price would cause the utility interconnected with Manitoba Hydro to forego the entire transaction or to produce the power with its own generators. Because Manitoba Hydro does not have transmission rights through other utility systems, it cannot always deal directly with the ultimate purchaser in such cases.

For fairness and consistency, rate comparisons must be made on an equivalent basis and when this is done, Manitoba residents will find they continue to enjoy rates that are among the lowest in North America with a reliability of supply that is the envy of many jurisdictions.





Banks of meters at the back of Manitoba Hydro's Load Dispatch Office in Winnipeg continuously monitor the power flows on each of the utility's interconnections. A steel corner tower forms part of the link to Northern States Power in Minneapolis.



Interconnections with neighboring utilities have helped Manitoba Hydro to optimize the use of the province's natural resources and its own facilities while providing substantial economic benefits and improving the quality of service and reliability to Hydro's customers.

As a nation, Canada benefits, too, from the sale of surplus energy to southern markets since every power sale to a U.S. utility contributes to this country's balance of payments.

Within the framework of provincial government policy and in accordance with energy export regulations, Manitoba Hydro will continue to respond to opportunities to sell its surplus power to extraprovincial markets. Not to do so would be a disservice to the people of Manitoba.

The line terminates at the U.S. utility's Chisago Station just outside Minneapolis where the high voltage power from Manitoba is reduced for customer use in the area.

SYSTEM DEVELOPMENTS

Work continued on Stages II and III of Bipole 2 construction at the Henday and Dorsey Converter Stations. The scheduled in-service date of the Limestone Generating Station remained at 1992.

Concept studies for the development of the Whitemud site on the Upper Nelson River have been completed; these will facilitate comparisons among the various alternatives.

Manitoba Hydro has concluded a 3½ year environmental overview study of potential sites for hydro-electric development on the Burntwood River in northern Manitoba. The study identifies options at First Rapids, Manasan, and Wuskwatim for full development of the river. Further studies and analyses are required before a preferred option is selected for first development.

Concrete repairs on the spillway, sluiceway, and tailrace decks were completed at the Seven Sisters Generating Station, bringing the rehabilitation work to a close.

Rehabilitation work continued at the Great Falls Generating Station, including reinforcing, grouting, and installation of a frost protection system on powerhouse walls associated with Units 2 and 3. Unit 1 repairs are scheduled for 1984.

As the result of a study, the role of the Selkirk Generating Station was changed to that of a synchronous condenser operation. While the station is now operating in this mode, it has retained the ability to generate if and when required.

The north causeway remnant at Long Spruce Generating Station was removed in order to increase the station's energy production.

During the summer of 1983, the Grand Rapids Unit No. 3 turbine and the Great Falls Unit No. 2 generator underwent major overhauls.

A new staffhouse is being built near the Jenpeg Generating Station to provide accommodation for operating and maintenance staff. It is scheduled for completion in May, 1984.

With the completion in 1983 of the Split Lake to Long Spruce portion of an all-weather road between Gillam and Thompson, the community of Gillam is now connected to the provincial highway system. The road was constructed by the Manitoba Department of Highways on a cost-sharing basis with Manitoba Hydro.

The ring dyke around the Town of Churchill pumphouse was upgraded to reduce the threat of flooding due to heavy river flows in the spring. The pumphouse, built by Manitoba Hydro, supplies the town with its water supply and is maintained by the Corporation as part of the Churchill River Diversion Project.

HVDC Transmission

Work continued on schedule on the doubling of the capacity of present HVDC Converter Station Bipole 2 facilities from 900 megawatts to 1 800 megawatts. This expansion will increase the Nelson River DC transmission capacity to a total of 3 420 megawatts, and will improve the reliability and performance of the HVDC transmission system.

Manitoba Hydro is engaged in two major research projects with the Manitoba HVDC Research Centre. The first project involves developing computer programs for the study of multi-terminal HVDC systems and for the development of system planning guidelines for the use of multi-terminal HVDC systems. The second project involves the statistical measurement of radio interference and other corona-related phenomena on the Nelson River HVDC lines for future design standards.

Rehabilitation work continues on the 61-year-old Great Falls Generating Station. The new spillway is shown at left.

A 230 000 volt transmission line from The Pas to Flin Flon went into service in May, 1983.

In late 1983, the Federal and Provincial Governments announced a cost-sharing agreement which included the construction of a transmission line from Gillam to Churchill. The line is planned to go into service in 1987.

The second phase of a five-year program to extend a 66 000 volt line from Manigotagan to communities along the eastern shore of Lake Winnipeg resulted in the connection of three additional communities to central service: Berens River, Princess Harbour, and Loon Straits.

Negotiations are presently in progress on the extension of the Manitoba Hydro grid to serve several other remote communities. Included are: Pukatawagan, Oxford House, Gods Lake Narrows, Gods River, Garden Hill, Waasagomach, St. Theresa Point and Red Sucker Lake.

Transformers were added to the major stations of Letellier, William River and Cliff Lake (at Flin Flon).

New distribution stations added to the sytem include St. Norbert, Moose Lake, Plum Coulee, Loon Straits, and Berens River.

Additions and modifications were completed at Lac du Bonnet, Hodgson, Cross Lake and Jenpeg stations, providing 25 000 volt distribution to the surrounding areas.

Kettle Generating Station — Hydro's largest, with a total capacity of 1272 megawatts — is located on the lower Nelson River about 8 kilometres downstream from the town of Gillam.

A thirteen kilometre stretch of overhead 12 000 volt powerline between Manitou and Darlingford has been replaced with underground cable in order to minimize power outages caused by ice storms which occur frequently in the area.

Under very difficult winter road conditions, 6 320 680 litres of fuel — including 267 900 litres for use by the Manitoba Telephone System — and 257 643 kilograms of freight were delivered to remote diesel sites along the east side of Lake Winnipeg. Because of unseasonal weather, the normal six-week haulage program was compressed to 25 days of which only 10 days were considered to have approached normal conditions.

During the year, procedures were developed for working on energized 500 000 volt lines, thereby reducing the need for planned outages in order to have the work performed.

The program to extend the serviceability of jack pine poles purchased from 1946 to 1951 continued; 20 571 poles were treated at groundline. The work is being carried out by small independent contractors on a competitive basis, employing local help.

Communication

The integrated computer based Automatic Generation Control/Supervisory Control and Data Acquisition System (AGC/SCADA) was installed January, 1984 at the Taylor Avenue Load Dispatch Office, replacing obsolete equipment. Remote terminal units, which communicate with the master equipment in Winnipeg, have been installed at numerous terminal stations throughout the Manitoba Hydro system.

A radio communication system to provide line protection channels for the 115 000 volt transmission line from Brandon to Minnedosa, Raven Lake, and Neepawa was designed and installed, and placed in service during May, 1983.

An Emergency Dispatch Office became operational in September, 1983. When fully functional, this control facility will be a back-up to the Head Office Load Dispatch Centre. It will allow the continuity of control of Manitoba Hydro's generation and distribution network in the event of a failure at the central Load Dispatch Office.

Interconnections

Activities continued during the year with respect to the MANDAN Project, a proposed 500 000 volt AC interconnection with Nebraska through North and South Dakota, planned for service in 1989.

As part of the preparations for the project, several open house meetings were held at communities along the transmission corridor to discuss with landowners and others the route selection process, land compensation, line construction, environmental effects, and other concerns.

Various U.S. utilities have shown an interest in purchasing electric energy from Manitoba Hydro as an alternative to the development of their own new thermal generation. On behalf of the Manitoba Energy Authority, feasibility studies are underway to determine costs and transmission requirements, relating to possible future sales.

The Electrical Energy Marketing Committee of the Manitoba Energy Authority has statutory authority to investigate potential extraprovincial markets for electrical energy, and to negotiate or direct negotiations for the sale or purchase of electrical energy exported from or imported to the province. Manitoba Hydro works closely with the Manitoba Energy Authority in all power export matters.

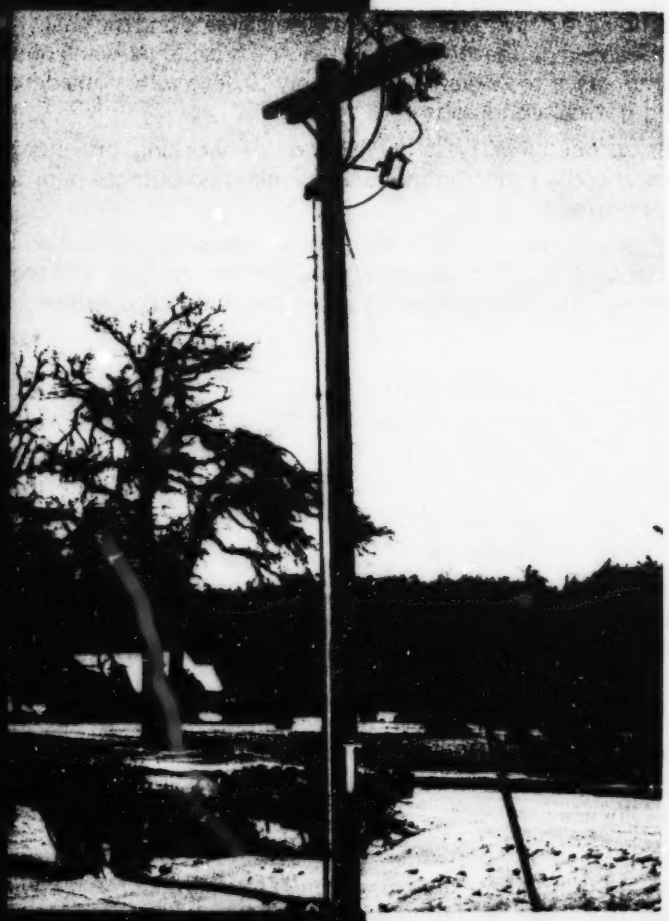
Pursuant to an order of the Arbitrator of the Northern Flood Agreement, construction of the Cross Lake Arena was completed and the facility was opened in December, 1983. Planning of the arena construction was a joint effort by all the parties to the Northern Flood Agreement.

As of March 31, 1984, 51 claims have been filed with the Arbitrator; 10 have been settled; 4 are in abeyance or have been withdrawn; 1 is being appealed. The remaining claims are under negotiation.

Manitoba Hydro has received an additional 1 031 claims. Staff of Manitoba Hydro have settled 941 claims; 63 claims are being investigated and 27 have been rejected.

Benefits amounting to more than $15 million have been provided under the terms of the Northern Flood Agreement.

The Southern Indian Lake Commercial Fishermen's Association Inc. and Manitoba Hydro have signed an agreement to provide compensation to the Southern Indian Lake Commercial Fishery for damages caused by the raising of Southern Indian Lake and diversion of the Churchill River down the Rat and Burntwood Rivers. The one-time, $2.5 million agreement brings to a conclusion one year of negotiations.



A typical loop lateral pole where the underground cable comes out of the ground to feed a customer and then dips underground again.

Manitoba Hydro has assumed the administration of the provincially funded Home Chec-Up Energy Analysis Program which was announced during the year. Specially trained energy advisors are available to visit any home in the province to evaluate the energy efficiency of the residence.

The utility continued a project to study the dual fuel concept of adding plenum-mounted electric heaters to existing residential oil-fired furnaces. A test installation has been extensively monitored during the 1982-83 and 1983-84 heating seasons.

Aerial thermography surveys of Winkler, Morden, Killarney, Boissevain, and Plum Coulee were carried out and displays set up in these five locations in co-operation with the local Chambers of Commerce.

A number of major shows and fairs in Winnipeg, Brandon, Morden, Portage la Prairie, Swan River, and Dauphin featured Manitoba Hydro energy efficiency displays. Two display trailers visited some 20 locations throughout the province.

SAFETY

Manitoba Hydro was ranked by the Canadian Electrical Association as having the best overall safety record of the 14 major electrical utilities in Canada during the 1983 calendar year.

The number one ranking takes in the combined normal utility operations and heavy construction operations.

For the 20th consecutive year, the Corporation has ranked among the top three. The number of disabling injuries per million man-hours worked was 5.16 which is the lowest ever recorded in the Corporation and down from 6.6 recorded the previous year.

The frequency rate of preventable motor vehicle accidents in the Corporate fleet was 3.15 accidents per million kilometres driven, giving Manitoba Hydro a second-place ranking in this category.

Key Safety programs were expanded into the northern area of the Eastern Region and the Winnipeg office centres. Work continued with service groups, government agencies, and schools to promote electrical safety.

There were two public fatalities during the year.

Manitoba Hydro continues to play a leading role in utility fire prevention and protection technology. Hydro's current program includes the installation of fire prevention and protection measures in the Nelson River generating plants and HVDC converter stations.

Other areas that are essential to the supply of energy are also being protected.

EMPLOYEES

During the fiscal year, 2 925 employees received training to improve their job skills through a variety of in-house programs.

The fiscal year was covered by an existing two-year agreement with the Canadian Union of Public Employees, Local 998. The agreement provided for a wage reopener for the second year. Negotiations with respect to the wage reopener were in progress at the end of the fiscal year.

A two-year renewal agreement, negotiated with the International Brotherhood of Electric Workers, Local 2034, was signed on July 27, 1983. The agreement provided for a wage reopener for the second term of the contract from May 31, 1984 to May 29, 1985.

A two-year renewal agreement was negotiated with the Association of Manitoba Hydro Staff and Supervisory Employees. The agreement was signed June 16, 1983, and will be in effect until March 20, 1985. A memorandum of agreement with respect to the wage reopener for the second year was signed on March 27, 1984.

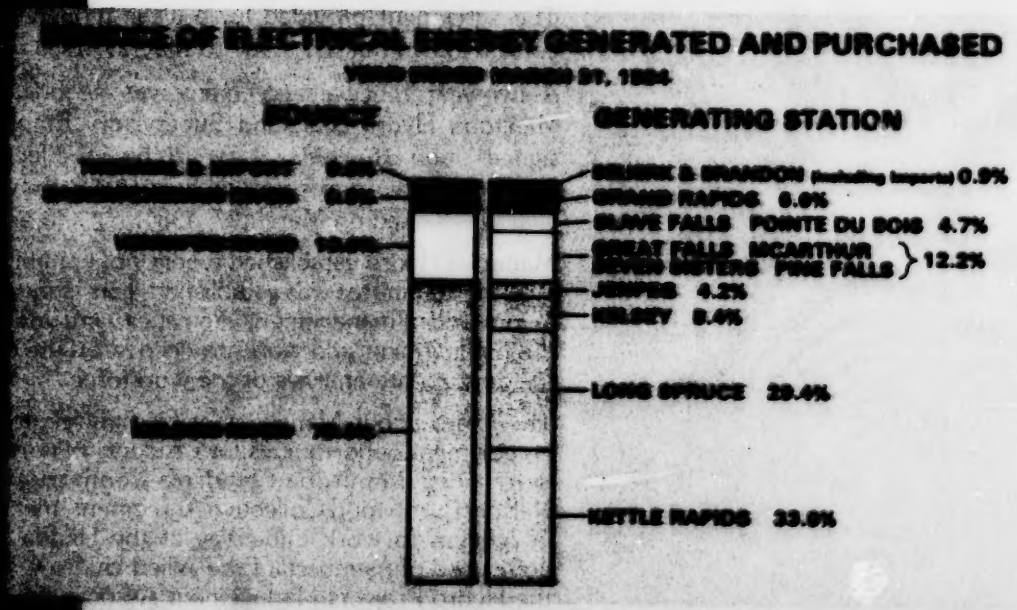
Manitoba Hydro established a policy of commitment to affirmative action. A steering committee was established, consisting of representatives of the three unions and of management. Activities were undertaken to make staff aware of the commitment and work proceeded on the collection of data required for the appropriate analysis of the workforce.

The joint Labour/Management Committee, formed to assist in maximizing employment opportunities for residents of northern Manitoba on contracted work on Manitoba Hydro's construction projects under the Nelson/Burntwood Collective Agreement, met regularly during the fiscal year in relation to work underway at the Henday Station. This Committee is composed of members of the Allied Hydro Council and its affiliated unions, the Hydro Projects Management Association, and member contractors.

Peak employment occurred in August, 1983, at 3 778 compared with 3 859 in August, 1982.

During the fiscal year, a total of 96 retirements took place. Special congratulations are extended to employees whose long service was recognized during the year. Among them were 86 who received 15-year service pins and 40 who received 25-year pins. Thirty employees attained 35 years of service and there was one employee who reached the 40 year milestone.

Construction details of the proposed 500 000 volt MANDAN line are explained to interested landowners at an open house meeting in Horndean, Manitoba.



FINANCIAL SECTION

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FINANCIAL REVIEW

The excess of expense over revenue amounted to $3.7 million which represents an improvement over the $19.1 million excess of expense over revenue experienced in the 1982-83 fiscal year. This improvement reflects the results of an across-the-board rate increase of 9.5% effective May 15, 1983. In addition, there was a significant cost reduction effort on the part of all staff and an increase in electrical energy consumption in the province. Total reserves of the Corporation were reduced to $78.3 million.

Gross revenue from operations amounted to $461.5 million, an increase of 11.3% over the $414.7 million in the previous year. Total generation from the integrated system increased by 1.4% or .313 billion kilowatt-hours to a total of 22.0 billion kilowatt-hours. Sales of electricity to customers within Manitoba increased 9.8% to 11.6 billion kilowatt-hours with increased consumption in all customer classes. The growth in provincial consumption combined with the rate increase produced a revenue increase of 14.8% to $350.2 million. The level of extraprovincial revenue remained virtually unchanged from the previous year despite a reduction in electrical energy exports of 10.3% to 6.8 billion kilowatt-hours.

Total expenses were $465.2 million, an increase of $31.4 million over the previous year. Interest expense increased to $228.9 million due to the refinancing of debt at higher interest rates and the cost of carrying new plant in service. Depreciation charges were $66.3 million. Operating and administrative costs were $160.7 million or 7.1% higher than 1982-83. This was primarily due to an increase of $2.6 million in transmission line lease payments and a $4.5 million increase in other operating and administrative costs. Fuel and power purchased increased by 13.4% or $1.1 million.

Additions to fixed assets for the year were $152.5 million, an increase of $23.6 million over 1982-83. Capital expenditures were incurred on the direct current conversion system for the Nelson River transmission facilities, Limestone Generating Station (mainly for interest applied to construction in progress) and for additions, modifications and service extensions throughout the province.

The Corporation borrowed $199.4 million for the purpose of financing capital construction and to retire Long-Term Debt. As at March 31, 1984, outstanding Long-Term Debt (net of Sinking Fund) was $2 404.7 million.

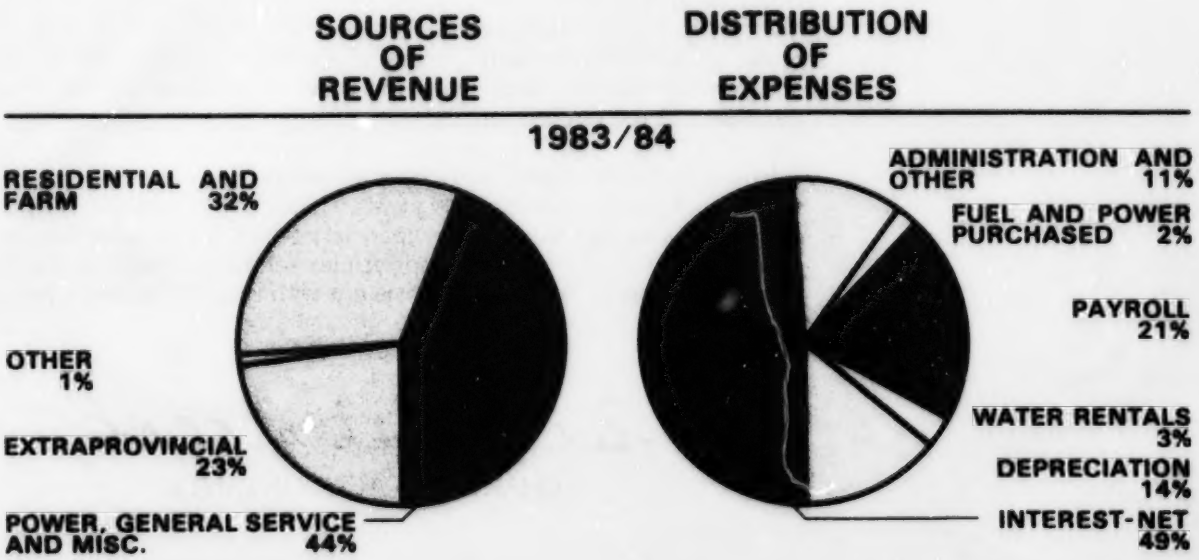
During the year, orders were placed for goods and services in the amount of $79.7 million, of which $51.0 million was for goods manufactured in Manitoba, or for services performed in Manitoba.

Rate Increase

In January, 1984, the Corporation announced an across-the-board rate increase of 7.9% effective April 1, 1984.

Energy Rate Stabilization Act

In accordance with the provisions of The Energy Rate Stabilization Act, the servicing costs associated with Manitoba Hydro's foreign debt have been assumed by the Province of Manitoba and replaced with Canadian equivalent costs based on Canadian rates for similar terms as at the date the debt was incurred. The Province has confirmed to Manitoba Hydro that the net expenditures relating to the foreign debt sustained by the Province in the current year amounted to $21.9 million which, if borne by the Corporation, would have increased accordingly the excess of expense over revenue, as set out in the financial statements. This net amount consisted of foreign debt costs which exceeded the respective Canadian equivalent costs by $45.6 million, reduced by $23.7 million of foreign debt costs which were less than the respective Canadian equivalent costs. The corresponding net expenditures for the previous year were $6.5 million.



THE MANITOBA HYDRO-ELECTRIC BOARD

MANAGEMENT REPORT

The financial statements of Manitoba Hydro have been prepared by management in accordance with accounting principles set out in Note 1 to the financial statements applied on a basis consistent with that of the preceding year. The financial information presented throughout this report is consistent with the data presented in the financial statements.

Management maintains systems of internal accounting control in order to assure on a reasonable basis the reliability of this financial information. These systems include formal policies and procedures and an organization providing for appropriate delegation of authority and segregation of responsibilities. The systems are monitored by our Internal Auditors who perform extensive tests and related procedures. Our independent auditors, whose report on their examination of the financial statements follows, also review our systems of internal accounting control in accordance with generally accepted auditing standards for the purpose of expressing their opinion on the financial statements.

Management is responsible for, and the Board has approved, all of the information in the Annual Report.

AUDITORS' REPORT

We have examined the balance sheet of The Manitoba Hydro-Electric Board as at March 31, 1984 and the statements of operations, reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

CHARTERED ACCOUNTANTS

Winnipeg, Canada
May 31, 1984

Statement of Operations

FOR THE YEAR ENDED MARCH 31, 1984 (with 1983 figures for comparison)

	1984	1983
	(thousands of dollars)	
REVENUES		
Sale of power		
Manitoba	$350 159	$305 067
Extraprovincial	105 654	105 411
Other revenue	5 684	4 217
	461 497	414 695
EXPENSES		
Operating and administrative	160 735	150 078
Depreciation—plant	66 294	61 718
Fuel and power purchased	9 289	8 192
	236 318	219 988
Net revenue before interest expense	225 179	194 707
INTEREST EXPENSE		
Interest on debt	290 422	272 640
Amortization of debt discount and expense	3 216	3 036
Interest applied to construction	(31 487)	(29 329)
Investment income	(33 298)	(32 511)
	228 853	213 836
NET EXPENSE TRANSFERRED TO RESERVES	$ 3 674	$ 19 129

The accompanying notes are an integral part of the financial statements.

Balance Sheet
AS AT MARCH 31, 1984 (with 1983 figures for comparison)

ASSETS	1984	1983
	(thousands of dollars)	
ELECTRIC UTILITY PLANT (Note 2)		
In service	$3 030 182	$2 945 435
Less: Accumulated depreciation	647 001	584 534
	2 383 181	2 360 901
Construction in progress	301 641	272 013
	2 684 822	2 632 914
INVESTMENTS (at cost)	2 012	5 332
CURRENT ASSETS		
Temporary investments	87 000	124 000
Accounts receivable	49 439	45 962
Accrued revenue	15 238	12 633
Interest receivable and accrued	11 006	7 721
Materials and supplies (at average cost)	25 220	26 864
Prepaid expenses	1 146	941
	189 049	218 121
DEFERRED ASSETS		
Unamortized discount, site studies and other	58 209	28 108
	$2 934 092	$2 884 475

Approved on behalf of the Board:

Saul Cherniack, Chairman

Jack R. London, Member

LIABILITIES AND RESERVES	1984	1983
	(thousands of dollars)	
LONG-TERM DEBT (Note 3)	$2 404 657	$2 367 561
CURRENT LIABILITIES		
Bank balances	15 631	2 176
Accounts payable and accrued liabilities	39 236	29 653
Notes payable (due within one year)	133 774	100 644
Contract holdbacks	4 689	1 015
Accrued interest	86 997	81 942
Current portion of long-term debt (Note 3)	122 946	172 823
	403 273	388 253
DEFERRED LIABILITIES	9 961	11 680
DEFERRED CREDITS		
Contributions in aid of construction and other	37 848	34 954
RESERVES (Note 4)	78 353	82 027
	$2 934 092	$2 884 475

The accompanying notes are an integral part of the financial statements.

Statement of Reserves
FOR THE YEAR ENDED MARCH 31, 1984 (with 1983 figures for comparison)

	1984			1983
	(thousands of dollars)			
	Contingency and General	**Rate Stabilization**	**Total**	**Total**
BALANCE - BEGINNING OF YEAR	**$123 829**	**$(41 802)**	**$82 027**	$101 156
Net expense transferred from operations	**—**	**(3 674)**	**(3 674)**	(19 129)
BALANCE - END OF YEAR	**$123 829**	**$(45 476)**	**$ 78 353**	$82 027

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position
FOR THE YEAR ENDED MARCH 31, 1984 (with 1983 figures for comparison)

	1984	1983
	(thousands of dollars)	
SOURCE OF FUNDS		
From operations		
Net expense	$ (3 674)	$ (19 129)
Provision for depreciation—plant	66 294	61 718
Amortization of debt discount and expense	3 216	3 036
Transportation fleet depreciation and other items	346	2 692
	66 182	48 317
Proceeds from long-term debt	198 234	273 963
Contributions and advances in aid of construction, less refunds	4 843	4 519
Other transactions—net	2 497	207
	271 756	327 006
APPLICATION OF FUNDS		
Additions to fixed assets	152 546	128 956
Decrease in long-term debt	125 665	172 840
Sinking fund payment	37 637	35 514
	315 848	337 310
DECREASE IN WORKING CAPITAL	$ 44 092	$ 10 304

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements
FOR THE YEAR ENDED MARCH 31, 1984

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles except for the accounting for pension costs as noted in c) below.

a) Electric Utility Plant

The electric utility plant is stated at cost which consists of contracted services, direct labour, material and expense, a proportionate share of overhead costs and interest applied at the effective rates incurred in financing construction. Interest during construction is applied until a facility becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. The cost of plant removed plus removal costs less salvage value is charged to accumulated depreciation.

Main facilities of major projects under construction become operational on a progressive basis. As such facilities become operational, related construction costs and a pro rata share of related common properties are transferred to plant in service. Once the transfer to plant in service is made, interest applied to plant cost ceases and depreciation commences.

Depreciation is provided on a straight line basis using the following service lives for major assets:

Hydro-electric generation	67 years
Thermal-electric generation	33 years
Transmission lines and stations	35-50 years
Distribution lines	30-35 years

Depreciation of the transportation fleet amounting to $2 589 000 (1983 — $2 451 000) is included in the overall fleet cost which is allocated on a usage basis to capital and operating accounts and is therefore not included as part of the plant depreciation provision.

b) Foreign Exchange on Long-Term Debt

Long-term debt payable in foreign currencies is recorded at Canadian dollar equivalents using the exchange rates prevailing at the time the debt was incurred.

The Energy Rate Stabilization Act which came into force April 1, 1979 provides for the Province of Manitoba to relieve the Corporation of the costs associated with the foreign debt of Manitoba Hydro by replacing them with Canadian equivalent costs based on Canadian rates for similar terms as at the date the debt was incurred. The Province of Manitoba has confirmed to the Corporation that had the Province of Manitoba not assumed the cost of foreign debt at April 1, 1979 the valuation of the long-term debt of the Corporation as at March 31, 1984 would have been increased by approximately $358 million (1983 — $321 million) when translated at the year end rates of exchange. The Province of Manitoba also confirmed that the net expenditures relating to the debt sustained by the Province in the current year amounted to $21.9 million (1983—$6.5 million) which if borne by the Corporation would have increased accordingly the excess of expense over revenue of $3.7 million set out in the financial statements.

c) Pensions

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to income as incurred and a provision is not made in the accounts to fund current or past service obligations of the Corporation to the Civil Service Superannuation Fund. On the basis of an actuarial report, the unfunded provision for the Corporation's employees amounted to $83 390 000 as at December 31, 1983 (1982 — $72 983 000).

d) Unamortized Debt Discount and Expense

These costs are charged to income over the life of the respective issue.

e) Unamortized Site Studies

These costs are charged to income over a fifteen year period.

f) Unbilled Revenue

Revenues include an estimate of energy delivered but not billed.

NOTE 2 — FIXED ASSETS (at cost)

	Fixed Assets In Service			Construction In Progress	1984 Total	1983 Total
	Original Cost	Accumulated Depreciation	Book Value			
	(in thousands)					
Generation	$1 826 005	$ 313 653	$1 512 352	$ 162 872	**$1 675 224**	$1 698 066
Transmission	202 999	51 494	151 505	6 804	**158 309**	159 296
Substations	510 203	111 189	399 014	111 374	**510 388**	451 557
Distribution	395 989	131 136	264 853	4 796	**269 649**	257 882
Other	94 986	39 529	55 457	15 795	**71 252**	66 113
	$3 030 182	$ 647 001	$2 383 181	$ 301 641	**$2 684 822**	$2 632 914

NOTE 3—LONG-TERM DEBT

The Corporation pays an annual sinking fund installment to the Minister of Finance of the Province of Manitoba as provided by The Manitoba Hydro Act of not less than 1% of the principal amount of the outstanding long-term debt on the preceding March 31, and 4% of the balance in the sinking fund at such date. Such installments would provide for the full retirement of a debt obligation only if the obligation was outstanding for forty-one years.

Income earned on sinking fund investments is remitted to the Corporation and is included with investment income for the year.

Manitoba Hydro's long-term debt is guaranteed by the Province of Manitoba.

Canadian equivalent coupon rates on long-term debt as established under the Energy Rate Stabilization Act as set out in Note 1(b) range from 4.84% to 17.74%. The weighted average coupon rate on the long-term debt outstanding at March 31, 1984 is 10.09% (1983 — 9.80%)

For the purpose of financing capital construction expenditures and refunding debt during the year, the Corporation received advances totalling $199.4 million from the Province of Manitoba as follows:

$75.0 million due March 15, 1993 with interest at 11.75%.

$116.7 million due November 1, 1988 with interest at 11.44%.

$7.7 million repayable in equal annual installments to March 31, 2015 with interest at 12.25% made under a Government of Canada loan agreement.

Long-Term Debt:

	1984	1983
	(thousands of dollars)	
Total long-term debt outstanding —		
The Manitoba Hydro-Electric Board Bonds	**$1 415 175**	$1 419 851
Advances from the Province of Manitoba represented by debenture debt of the Province	**1 236 698**	1 227 228
Advances from the Province of Manitoba under a loan agreement between the Province and the Government of Canada	**141 069**	133 722
	2 792 942	2 780 801
Less: Sinking fund on deposit with the Minister of Finance	**265 339**	240 417
	2 527 603	2 540 384
Less: Long-term debt payments due within one year— Sinking fund installments and net maturities	**122 946**	172 823
	$2 404 657	$2 367 561

Debt Maturities:

Year Ending March 31	Principal Amount of Maturities	Cash Requirements: Maturities Net of Sinking Fund	Cash Requirements: Sinking Fund	Cash Requirements: Total
		(thousands of dollars)		
1985	$ 92 076	$ 84 191	$ 38 755	$ 122 946
1986	176 453	149 768	39 062	188 830
1987	32 842	25 144	37 847	62 991
1988	143 769	106 207	38 725	144 932
1989	201 836	179 423	37 103	216 526
	$ 646 976	$ 544 733	$ 191 492	$ 736 225
1990-1994	1 062 637	844 946	159 416	1 004 362
1995-1999	358 604	224 940	101 057	325 997
2000-2004	216 543	116 793	88 189	204 982
2005-2009	499 999	220 800	30 668	251 468
2010-2014	6 372	2 984	844	3 828
2015-	1 811	687	54	741
	$2 792 942	$1 955 883	$ 571 720	$2 527 603

NOTE 4 — RESERVES

The Corporation maintains the following reserves:

Contingency and General Reserve

An amount calculated as a percentage of net interest expense at a rate as stipulated by The Manitoba Hydro-Electric Board, may be transferred annually to this reserve. A transfer was not made for the years ended March 31, 1984 and 1983.

Rate Stabilization Reserve

The net revenue or expense after provision for the contingency and general reserve is transferred annually to this reserve.

NOTE 5 — COMMITMENTS

a) Lease Commitments

In accordance with a lease agreement entered into during 1966 between the Governments of Canada and Manitoba, direct current transmission facilities were constructed between the Kettle Generating Station and Winnipeg. The agreement provides for repayment by the Corporation of the capital cost with accrued interest at 5.625% over a term of forty-five years in accordance with a repayment schedule requiring substantially smaller payments during the earlier years. The schedule provides for payment of $10 000 000 for the year ended March 31, 1984 (1983 — $8 500 000) and for annual increases in payments of $2 500 000 for the years 1985 to 1989. The progressive increases result in a payment in 1989 of $22 500 000. Payments for the fiscal years 1990 to 2019 will be calculated as the equal annual payment required to amortize the outstanding balance over thirty years at 5.625%. In addition, on account of the related microwave communications system, an annual payment of $596 000 has been made until the year ended March 31, 1984, with a final payment in 1985 of $206 000. The unpaid balance of principal plus accrued interest for transmission and microwave facilities amounted to approximately $353 702 000 as at March 31, 1984 (1983 — $344 857 000).

The Corporation's policy is to charge the lease payments to operations in the period in which they become payable. This policy is consistent with the intent of the lease agreement of providing economic relief to ratepayers during the early years of the Nelson River development. This is evident when compared with a calculation of a charge in accordance with the C.I.C.A. recommendation on accounting for capital leases entered into subsequent to January 1, 1979, which indicates that an additional amount of approximately $13.7 million would have been charged to operations for the year and an additional net asset amount of approximately $192.7 million would have been recorded relating to the transmission facilities and microwave system.

b) Mitigation

Manitoba Hydro is party to an agreement with the Government of Canada, the Province of Manitoba and the Northern Flood Committee Inc., which provides for compensation to mitigate the impact of Churchill River Diversion and Lake Winnipeg Regulation. The total spent on these projects during the year was $5.4 million (1983 — $2.9 million) These costs have been allocated to the respective projects.

c) Construction Commitments

Other outstanding commitments, principally for construction, were approximately $44 697 000 (1983 — $86 753 000).

Financial Statistics

(in thousands of dollars)

	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975
STATEMENT OF OPERATIONS										
Revenues										
Residential and Farm	**146 054**	126 684	123 629	115 364	117 161	105 999	86 902	71 811	55 316	42 100
Power, General Service and Misc.	**174 707**	151 203	154 579	135 064	132 762	118 795	100 720	85 526	70 801	58 055
Winnipeg Hydro (Cost Sharing Agreement)	**29 398**	27 180	33 146	26 682	25 435	18 865	17 910	16 073	10 026	7 623
Extraprovincial	**105 654**	105 411	72 384	81 965	95 965	82 055	34 634	17 383	20 841	20 109
Other Revenue	**5 684**	4 217	3 865	2 768	3 022	2 817	2 829	2 034	1 768	1 737
	461 497	414 695	387 603	361 843	374 345	328 531	242 995	192 827	158 752	129 624
Expenses										
Operating and Administrative	**160 735**	150 078	129 413	114 398	93 746	81 525	72 385	62 617	52 763	45 630
Depreciation	**66 294**	61 718	60 127	57 793	53 313	43 963	35 610	30 103	25 683	23 602
Fuel and Power Purchased	**9 289**	8 192	16 711	9 973	5 592	3 985	22 695	28 179	5 879	3 125
Interest—Net	**228 853**	213 836	205 544	195 947	176 091	153 395	113 568	76 019	64 659	53 055
	465 171	433 824	411 795	378 111	328 742	282 868	244 258	196 918	148 984	125 412
Net Revenues Transferred to (from) Reserves	**(3 674)**	(19 129)	(24 192)	(16 268)	45 603	45 663	(1 263)	(4 091)	9 768	4 212
BALANCE SHEET										
Assets										
Plant In Service	**3 030 182**	2 945 435	2 891 325	2 808 938	2 659 268	2 376 777	1 814 239	1 461 030	1 237 092	1 113 157
Less: Accumulated Depreciation	**647 001**	584 534	524 720	469 158	413 720	363 462	321 187	288 084	260 950	236 991
Construction in Progress	**301 641**	272 013	202 544	188 792	244 175	399 277	765 897	799 464	680 195	460 393
Current and Other Assets	**249 270**	251 561	156 665	121 269	131 528	179 590	143 005	213 410	137 750	75 527
	2 934 092	2 884 475	2 725 814	2 649 841	2 621 251	2 592 182	2 401 954	2 185 820	1 794 087	1 412 086
Liabilities and Equity										
Long-Term Debt—net	**2 404 657**	2 367 561	2 297 887	2 230 803	2 221 647	2 298 726	2 167 919	1 989 939	1 616 132	1 224 942
Current and Other	**451 082**	434 887	326 771	293 690	257 988	197 443	183 685	142 891	120 693	139 531
Reserves	**78 353**	82 027	101 156	125 348	141 616	96 013	50 350	52 990	57 262	47 613
	2 934 092	2 884 475	2 725 814	2 649 841	2 621 251	2 592 182	2 401 954	2 185 820	1 794 087	1 412 086
STATEMENT OF CHANGES IN FINANCIAL POSITION										
Sources of Funds										
Funds from Operations	**66 182**	48 317	42 085	47 251	104 442	93 993	38 229	29 000	38 333	30 166
Proceeds from Long-Term Debt	**198 234**	273 963	175 393	109 560	1 961	189 038	229 814	398 930	404 580	265 461
Other	**7 340**	4 726	3 752	10 097	3 791	4 204	4 580	2 150	2 447	(546)
	271 756	327 006	221 230	166 908	110 194	287 235	272 623	430 080	445 360	295 081
Application of Funds										
Additions to Fixed Assets	**152 546**	128 956	103 954	99 634	132 703	199 625	323 918	347 774	347 314	268 651
Decrease in Long-Term Debt	**125 665**	172 840	75 387	70 100	47 600	31 777	31 014	10 390	2 843	31 494
Sinking Fund Payment	**37 637**	35 514	33 640	32 055	31 463	29 360	26 291	21 491	17 404	14 528
	315 848	337 310	212 981	201 789	211 766	260 762	381 223	379 655	367 561	314 673
Increase (Decrease) in Working Capital	**(44 092)**	(10 304)	8 249	(34 881)	(101 572)	26 473	(108 600)	50 425	77 799	(19 592)

Operating Statistics

	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975
INTEGRATED SYSTEM— MANITOBA HYDRO AND WINNIPEG HYDRO										
Installed Winter Capability (000 kW)	**4 091**	4 091	4 091	4 091	4 091	3 678	3 202	2 985	2 985	2 985
Manitoba Firm Peak Demand (000 kW)*	**2 889**	2 543	2 735	2 575	2 519	2 419	2 445	2 356	2 239	2 062
Percentage change	**+13.6**	-7.0	+6.2	+2.2	+4.1	-1.1	+3.8	+5.2	+8.6	+4.6
Energy Supplied (000 000 kW.h)										
Manitoba Hydro Generation	**20 967**	20 538	17 372	17 975	19 690	17 600	12 669	12 739	13 732	13 722
Winnipeg Hydro Generation	**1 042**	1 158	813	848	1 111	1 153	766	828	1 104	1 040
Energy Purchased										
Hudson Bay Mining and Smelting	**0**	0	0	38	28	4	93	87	27	
Ontario	**0**	0	0	0	0	0	21	0	3	0
Saskatchewan	**64**	71	179	15	1	1	5	3	4	8
United States	**7**	43	297	203	0	4	721	528	27	1
Total Generated and Purchased	**22 080**	21 810	18 661	19 079	20 830	18 762	14 275	14 185	14 897	14 771
Firm Energy Supplied for Manitoba Integrated System* (000 000 kW.h)	**14 388**	13 260	13 527	12 529	12 797	12 483	11 962	11 768	11 430	10 872
Isolated Systems Generated and Purchased (000 000 kW.h)	**48**	47	46	47	50	53	52	53	53	48
Total Integrated and Isolated Systems (000 000 kW.h)	**14 436**	13 307	13 573	12 576	12 847	12 536	12 014	11 821	11 483	10 920
Percentage Change	**+8.5**	-2.0	+7.9	-2.1	+2.5	+4.3	+1.6	+2.9	+5.2	+2.7
MANITOBA HYDRO SYSTEM										
Energy Sold (000 000 kW.h)										
Residential and Farm	**4 205**	3 922	3 765	3 536	3 600	3 616	3 387	3 283	3 007	2 655
Power, General Service and Misc.	**6 263**	5 726	6 068	5 587	5 585	5 328	5 308	5 297	5 256	5 195
Extraprovincial										
Ontario	**1 153**	850	1 089	1 616	1 787	1 439	773	1 582	1 702	1 781
Saskatchewan	**269**	231	342	968	1 378	530	364	408	493	375
United States	**5 409**	6 533	3 150	3 299	3 966	3 718	1 004	534	1 031	1 394
Net Transfer to Winnipeg Hydro (000 000 kW.h)	**1 143**	930	1 245	1 163	977	918	1 191	1 107	816	818
Number of Customers										
Residential and Farm	**293 620**	288 076	285 175	281 479	279 080	273 779	262 877	253 910	245 129	236 685
Power, General Service and Misc.	**39 965**	39 766	39 804	39 629	39 129	38 840	38 496	38 027	37 957	37 795
Peak Number of Employees	**3 778**	3 859	3 850	3 899	4 164	4 411	4 826	4 865	4 993	4 602

Corrected by System Losses applicable to Extraprovincial Sales

Manitoba Hydro Generating Stations and Capacities

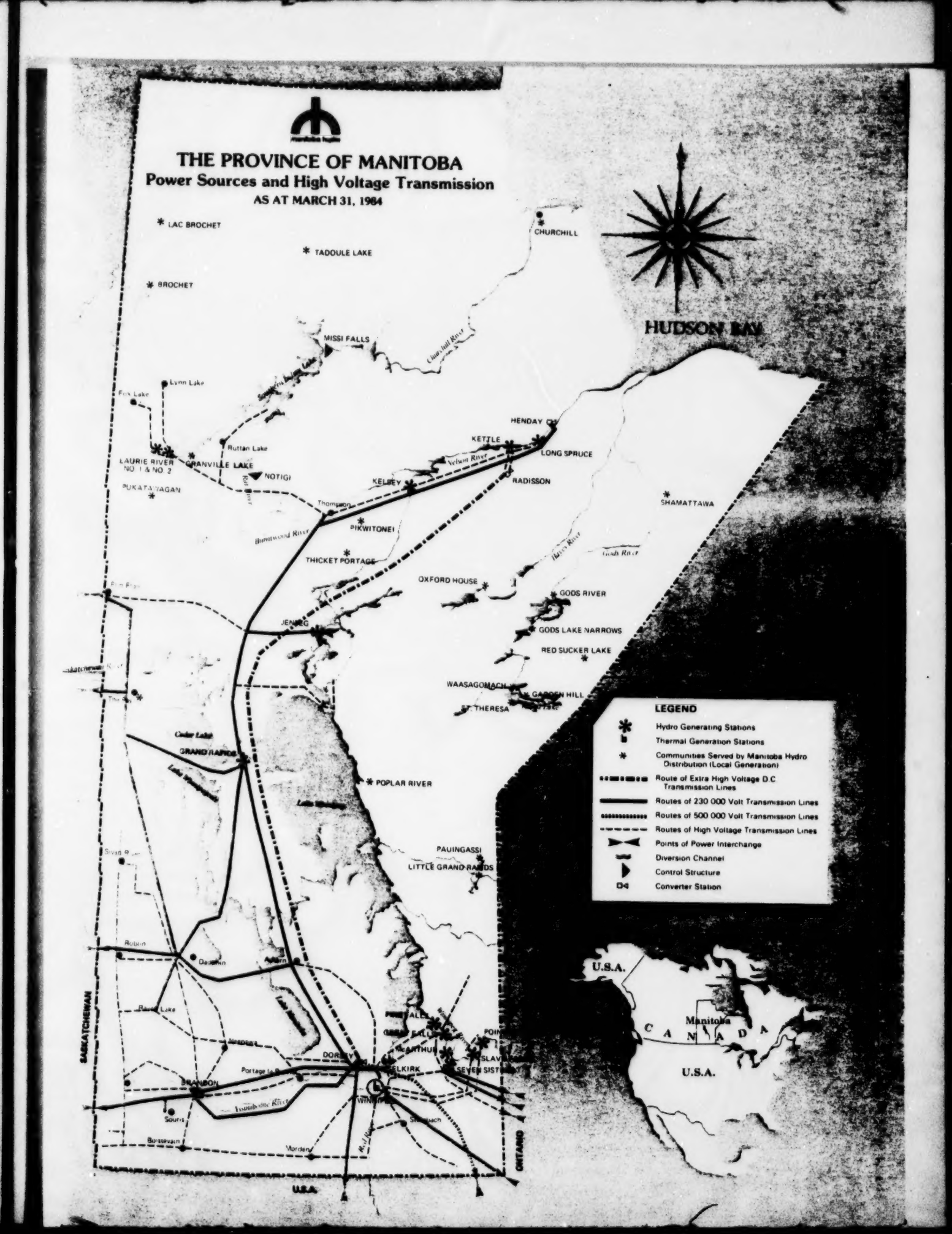
For the Year Ended March 31, 1984 (Normal Winter Capability)

INTERCONNECTED CAPABILITIES

	STATION	LOCATION	No. of Units	Winter Capacity in Kilowatts
HYDRAULIC:	Great Falls	Winnipeg River	6	132 000
	Seven Sisters	Winnipeg River	6	150 000
	Pine Falls	Winnipeg River	6	82 000
	McArthur Falls	Winnipeg River	8	56 000
	Grand Rapids	Saskatchewan River	4	472 000
	Kelsey	Nelson River	7	224 000
	Kettle	Nelson River	12	1 272 000
	Jenpeg	Nelson River	6	126 000
	Long Spruce	Nelson River	10	980 000
	Laurie River (2)	Laurie River	3	10 000
	TOTAL HYDRAULIC			3 504 000
THERMAL:	Brandon		5	237 000
	Selkirk		2	132 000
	TOTAL THERMAL			369 000
GAS TURBINE:	Selkirk		2	25 000
DIESEL:	The Pas		3	2 750
	TOTAL			3 900 750

ISOLATED CAPACITIES

DIESEL:	Brochet	650
	Churchill	11 248
	Garden Hill	1 600
	Gods Lake Narrows	1 400
	Gods River	350
	Granville Lake	60
	Little Grand Rapids	425
	Lac Brochet	525
	Oxford House	1 100
	Pauingassi	300
	Pikwitonei	350
	Poplar River	650
	Pukatawagan	700
	Red Sucker Lake	525
	St. Theresa	1 275
	Shamattawa	525
	Tadoule Lake	600
	Thicket Portage	300
	Waasagomach	900
	TOTAL	23 483
TOTAL GENERATING CAPACITY		**3 924 233**


THE PROVINCE OF MANITOBA
Power Sources and High Voltage Transmission
AS AT MARCH 31, 1984
LAC BROCHET
TADOULE LAKE
BROCHET
CHURCHILL
HUDSON BAY
MISSI FALLS
Churchill River
Lynn Lake
Fox Lake
HENDAY
KETTLE
LONG SPRUCE
Nelson River
Ruttan Lake
LAURIE RIVER NO. 1 & NO. 2
GRANVILLE LAKE
NOTIGI
KELSEY
RADISSON
PUKATAWAGAN
Thompson
SHAMATTAWA
Burntwood River
PIKWITONEI
THICKET PORTAGE
Hayes River
Gods River
OXFORD HOUSE
GODS RIVER
JENPEG
GODS LAKE NARROWS
RED SUCKER LAKE
WAASAGOMACH
GARDEN HILL
ST. THERESA
Cedar Lake
GRAND RAPIDS
POPLAR RIVER
PAUINGASSI
LITTLE GRAND RAPIDS
Shoal River
Robin
Dauphin
Riding Mountain
Duck Mountain
Lake Manitoba
Lake Winnipeg
Lake St. Martin
Lake Winnipegosis
Swan River
Roblin
Russell
Minnedosa
Rapid City
Virden
Souris
Brandon
Portage la Prairie
Dauphin
Gypsumville
Steinbach
Winnipeg
Selkirk
Seven Sisters
Pine Falls
Grand Rapids
Arthur
Slave Falls
Pointe du Bois
Whitemouth
Pinawa
Lac du Bonnet
Beausejour
Winnipeg River
Assiniboine River
Red River
SASKATCHEWAN
ONTARIO
U.S.A.
LEGEND
Hydro Generating Stations
Thermal Generation Stations
Communities Served by Manitoba Hydro Distribution (Local Generation)
Route of Extra High Voltage D.C Transmission Lines
Routes of 230 000 Volt Transmission Lines
Routes of 500 000 Volt Transmission Lines
Routes of High Voltage Transmission Lines
Points of Power Interchange
Diversion Channel
Control Structure
Converter Station
U.S.A.
Manitoba
C A N A D A
U.S.A.